

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Akron	County Tuscola
Fiscal Year End 3/31/07	Opinion Date October 10, 2007	Date Audit Report Submitted to State 10-30-07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Anderson, Tuckey, Bernhard & Doran, P.C.		Telephone Number 989-673-3137	
Street Address 715 E. Frank St.		City Caro	State MI
Authorizing CPA Signature		Printed Name Gary R. Anderson	Zip 48723
		License Number 1101005446	

TOWNSHIP OF AKRON
Tuscola County, Michigan

Annual Financial Statements
and Auditor's Report
March 31, 2007

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ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA
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Thomas B. Doran, CPA

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamic L. Peasley, CPA

October 10, 2007

REPORT OF INDEPENDENT AUDITORS

Members of the Township Board
Township of Akron
Tuscola County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Akron, Tuscola County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Akron, Tuscola County, Michigan as of March 31, 2007, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement #34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as of April 1, 2004.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of the Township Board
Township of Akron
October 10, 2007

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly states in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

AKRON TOWNSHIP

Management's Discussion and Analysis For the Fiscal Year Ended March 31, 2007

The Management's Discussion and Analysis report of the Township of Akron covers the Township's financial performance during the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2007, totaled \$576,607 for governmental activities. Overall total capital assets remained approximately the same.

Overall revenues were \$604,383 from governmental activities. Governmental activities had an \$121,473 increase in net assets.

We did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

AKRON TOWNSHIP

Management's Discussion and Analysis For the Fiscal Year Ended March 31, 2007

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, Garbage Fund, Ambulance Fund, Cemetery Perpetual Care Fund, and the Current Tax Collection Fund.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, Garbage Fund, Ambulance Fund, and the Cemetery Perpetual Care Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$289,620.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$0 in capital assets.

The Township's governmental activities paid \$0 of principal on long-term debt.

AKRON TOWNSHIP

Management's Discussion and Analysis For the Fiscal Year Ended March 31, 2007

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income. We continue to grow in taxable values with little demand for infrastructure, except good roads, where available.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Township's finances and to determine the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk, Pauline Gainforth at 6800 N. Vassar Road, Unionville, Michigan 48767, or telephone 989-674-2669.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF AKRON
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2007

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash in Bank	\$ 502,539
Due from other funds	33,527
Accounts Receivable	8,689
	<hr/>
Total Current Assets	544,755
	<hr/>
NON-CURRENT ASSETS	
Capital Assets	58,939
Less: Accumulated Depreciation	(26,543)
	<hr/>
Total Non-Current Assets	32,396
	<hr/>
TOTAL ASSETS	<u>\$ 577,151</u>
<u>LIABILITIES & NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts Payable	\$ 544
Due to other funds	
Due to other governmental units	
	<hr/>
Total Current Liabilities	544
	<hr/>
NON-CURRENT LIABILITIES	
Total Non-Current Liabilities	-
	<hr/>
Total Liabilities	544
	<hr/>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	32,396
Reserved for Cemetery	2,822
Unrestricted	541,389
	<hr/>
Total Net Assets	576,607
	<hr/>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 577,151</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF AKRON
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For The Year Ended March 31, 2007

		<u>PROGRAM REVENUE</u>	<u>GOVERNMENTAL ACTIVITIES</u>
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>
FUNCTIONS/PROGRAMS			
Governmental Activities			
Legislative	\$ 15,116	-	\$ (15,116)
General Government	68,481	\$ 4,917	(63,564)
Public Safety	191,924	70,824	(121,100)
Public Works	205,401	71,565	(133,836)
Culture and Recreation	1,988	-	(1,988)
Total Governmental Activities	<u>\$ 482,910</u>	<u>\$ 147,306</u>	<u>(335,604)</u>
General Revenues			
Property Taxes			279,723
State Revenue Sharing			88,952
Interest			4,552
Miscellaneous			83,850
Total General Revenues			<u>457,077</u>
Change in Net Assets			<u>121,473</u>
Net Assets, Beginning of Year			<u>455,134</u>
Net Assets, End of Year			<u>\$ 576,607</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF AKRON
Balance Sheet - Governmental Funds
March 31, 2007

		<u>SPECIAL REVENUE</u>		<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL</u>	<u>GARBAGE</u>	<u>AMBULANCE</u>	
ASSETS				
Cash in Bank	\$ 368,616	\$ 50,886	\$ 83,037	\$ 502,539
Due from other funds	25,277	8,250	-	33,527
Accounts Receivable	-	-	8,689	8,689
TOTAL ASSETS	<u>\$ 393,893</u>	<u>\$ 59,136</u>	<u>\$ 91,726</u>	<u>\$ 544,755</u>
 LIABILITIES AND FUND EQUITY				
Accounts Payable	-	-	\$ 544	\$ 544
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>544</u>	<u>544</u>
 FUND EQUITY				
Fund Balances				
Unreserved:				
Undesignated	\$ 393,893	\$ 59,136	91,182	544,211
Total Fund Equity	<u>393,893</u>	<u>59,136</u>	<u>91,182</u>	<u>544,211</u>
Total Liabilities and Fund Equity	<u>\$ 393,893</u>	<u>\$ 59,136</u>	<u>\$ 91,726</u>	<u>\$ 544,755</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF AKRON
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
March 31, 2007

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 544,211
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Amounts reported for governmental activities in the statement of
net assets are different because -

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds balance sheet

Capital assets at cost	58,939
Accumulated depreciation	<u>(26,543)</u>

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 576,607</u>
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TOWNSHIP OF AKRON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended March 31, 2007

	<u>SPECIAL REVENUE FUNDS</u>			<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL</u>	<u>GARBAGE</u>	<u>AMBULANCE</u>	
Revenues				
Property Taxes	\$ 279,723	-	-	\$ 279,723
Licenses and Permits	317	-	-	317
State Revenue Sharing	88,952	-	-	88,952
Charges for Services	4,600	-	\$ 70,824	75,424
Interest	1,676	\$ 1,329	1,547	4,552
Special Assessments	175	71,390	-	71,565
Transfers from other Govt. Units	-	-	70,558	70,558
Miscellaneous	9,747	-	3,545	13,292
Total Revenues	<u>385,190</u>	<u>72,719</u>	<u>146,474</u>	<u>604,383</u>
Expenditures				
Legislative				
Township Board	15,116	-	-	15,116
General Government				
Supervisor	11,910	-	-	11,910
Elections	1,990	-	-	1,990
Assessor	2,596	-	-	2,596
Clerk	11,754	-	-	11,754
Board of Review	1,153	-	-	1,153
Treasurer	9,781	-	-	9,781
Building and Grounds	9,850	-	-	9,850
Cemetery	18,616	-	-	18,616
Public Safety				-
Fire Protection	48,552	-	-	48,552
Ambulance	30,501	-	111,161	141,662
Planning and Zoning	1,710	-	-	1,710
Public Works				-
Sanitation	-	81,298	-	81,298
Drains	11,751	-	-	11,751
Highways and Streets	112,352	-	-	112,352
Culture and Recreation				-
Library	1,988	-	-	1,988
Total Expenditures	<u>289,620</u>	<u>81,298</u>	<u>111,161</u>	<u>482,079</u>
Excess (deficiency) of Revenues Over Expenditures	95,570	(8,579)	35,313	122,304
Fund Balances, April 1	<u>298,323</u>	<u>67,715</u>	<u>55,869</u>	<u>421,907</u>
Fund Balances, March 31	<u>\$ 393,893</u>	<u>\$ 59,136</u>	<u>\$ 91,182</u>	<u>\$ 544,211</u>

TOWNSHIP OF AKRON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2007

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENT FUNDS	\$ 122,304
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures; in the Statement
of Activities, these costs are allocated over their estimated useful lives
as depreciation

Depreciation Expense	(831)
Capital Outlay	<u>-</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>121,473</u></u>
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TOWNSHIP OF AKRON
FIDUCIARY AND NONEXPENDABLE TRUST FUNDS
STATEMENT OF ASSETS AND LIABILITIES
MARCH 31, 2007

	<u>FIDUCIARY FUND TYPE</u>	<u>NONEXPENDABLE TRUST FUND</u>
	<u>Current tax collection fund</u>	<u>Perpetual care fund</u>
ASSETS		
Cash in Bank	\$ 19,873	\$ 2,117
Taxes Receivable	<u>129,930</u>	<u>705</u>
TOTAL ASSETS	<u>\$ 149,803</u>	<u>\$ 2,822</u>
LIABILITIES AND FUND EQUITY		
Due to general fund	\$ 25,277	
Due to garbage fund	8,250	
Due to other governmental units	<u>116,276</u>	
TOTAL LIABILITIES	<u>149,803</u>	
FUND BALANCE		<u>\$ 2,822</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 149,803</u>	<u>\$ 2,822</u>

TOWNSHIP OF AKRON
Statement of Revenues, Expenses and
Changes in Retained Earnings/Fund Balance
Nonexpendable Trust Fund -
Perpetual Care Fund

	<u>YEAR ENDED MARCH 31, 2007</u>
OPERATING REVENUES:	
Perpetual care fees	-
Interest income	<u>\$ 5</u>
TOTAL OPERATING REVENUES	<u>5</u>
OPERATING EXPENSES	<u>-</u>
INCOME BEFORE OPERATING TRANSFERS	<u>5</u>
OPERATING TRANSFERS IN (OUT)	<u>-</u>
NET INCOME	5
FUND BALANCE - APRIL 1	<u>2,817</u>
FUND BALANCE - MARCH 31	<u><u>\$ 2,822</u></u>

TOWNSHIP OF AKRON
Statement of Cash Flows -
Nonexpendable Trust Fund -
Perpetual Care Fund

	<u>YEAR ENDED</u> <u>MARCH 31, 2007</u>
Cash flows from operating activities:	
Cash received from customers	-
Interest received	\$ 5
Increase (decrease) accrued interest receivable	-
Transfer to other funds	<u>-</u>
Net cash provided by operating activities	5
CASH AT BEGINNING OF YEAR	<u>2,817</u>
CASH AT END OF YEAR	<u><u>\$ 2,822</u></u>

TOWNSHIP OF AKRON
Reconciliation of Net Income to Net Cash
Nonexpendable Trust Fund -
Perpetual Care Fund

	<u>YEAR ENDED</u> <u>MARCH 31, 2007</u>
Net Income	\$ 5
Adjustment to reconcile net income to net cash provided by operating activities:	
Increase (decrease) in due to other funds	<u>-</u>
Net cash provided by operating activities	<u>\$ 5</u>

Disclosure of Accounting Policy:

For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, demand deposits in banks, and balances of certificates of deposit.

TOWNSHIP OF AKRON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF TOWNSHIP OPERATIONS & FUND TYPES:

The Township of Akron, Tuscola County, Michigan covers an area of approximately 36 square miles within Tuscola County.

The financial statements of the Township of Akron have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The U.S. Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. REPORTING ENTITY:

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, the Financial Reporting Entity.

Based upon the application of these criteria, the financial statements of the Township of Akron include the accounts of all Township operations and accounts controlled by the Township's Board of Trustees as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the Township nor is the Township a component unit of another entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets), report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchases, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

TOWNSHIP OF AKRON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (concluded):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

GOVERNMENTAL FUNDS – are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other funds.

FIDUCIARY FUNDS – are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The *garbage fund* is a special revenue fund. It is utilized to account for the Township's funds set aside for refuse collection.

The *ambulance fund* is a special revenue fund. It is utilized to account for the Township's ambulance service special assessment levy.

Additionally, the government reports the following nonmajor fund types:

Nonexpendable Trust fund – The Township utilized the Perpetual Care fund to account for principal trust amounts received and related interest.

Also, the government reports as fiduciary funds, the tax collection fund (agency fund).

The *tax collection fund* is utilized to account for the Township's collection of taxes for other governmental units.

D. BUDGETS AND BUDGETARY ACCOUNTING:

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

TOWNSHIP OF AKRON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

E. CASH AND INVESTMENTS:

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at fair market value.

State statutes authorized the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 40% of any fund at any time. The Township is also authorized to invest in U.S. Government of federal agency obligation repurchase agreements, bankers' acceptance of U.S. banks, and mutual funds composed of investments as outlined above.

F. RECEIVABLES:

Receivables consist primarily of amounts for taxes and customers charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

G. FIXED ASSETS:

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets purchased within the proprietary funds and the non-expendable trust fund are reported as assets within those funds and accordingly, are included on their balance sheet.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. Primarily because of this policy, total expenditures for capital improvements in the governmental funds do not equal total additions to the general fixed assets account group.

H. FUND EQUITY:

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

TOWNSHIP OF AKRON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Concluded):

I. INTERFUND TRANSACTIONS:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

J. MEMORANDUM ONLY - TOTAL COLUMNS:

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year which includes the December 1 levy date. The Township levied \$279,723 for operating and \$71,390 for refuse collection.

The Township participates in the Tuscola County Delinquent Tax Fund, which purchases substantially all of the uncollected property tax of the Township each year. The Township receives settlement with the County for all uncollected taxes. On this basis, the full amount of the taxes levied is accrued as income in the year levied.

NOTE 3 - CAPITAL ASSETS:

The general fixed assets of the Township consist of the following:

	BALANCE			BALANCE
	APRIL 1, 2006	ADDITIONS	DEDUCTIONS	MARCH 31, 2007
Assets not being depreciated - Land	\$32,396			\$32,396
Other capital assets:				
Buildings	8,700			8,700
Equipment	17,843			17,843
Subtotal	26,543			26,543
Accumulated Deprecation	(25,712)	\$(831)		(26,543)
Net other capital assets	831	(831)		0
Net Capital Assets	\$33,227	\$(831)		\$32,396

TOWNSHIP OF AKRON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 4 – DEPOSITS AND INVESTMENTS:

DEPOSITS:

At year-end, the carrying amount of the Township's deposits was \$524,530 and the bank balance was \$538,286, \$100,000 of which was covered by federal depository insurance. Michigan law does not require collateralization of government deposits. All of the Township's funds, in accordance with Michigan Compiled Laws, Section 129.91, were invested in local banks.

INVESTMENTS:

State statutes and Township policy authorize the Township to invest in obligations of the United States, or agencies and instrumentalities of the U.S. commercial paper rated at the time of purchase within the top two classifications by at least two of the four rating agencies, certificates of deposits, repurchase agreements, banker's acceptance, and mutual funds.

The Township investments are categorized below to give an indication of the level of risk assumed at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Township's name. The Township held no Category 1, 2 or 3 investments at March 31, 2007. Additional disclosures required by GASB 40 are not included in the accompanying financial statements.

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2007 are composed of the following:

	CASH AND CASH <u>EQUIVALENTS</u>	RESTRICTED <u>ASSETS</u>
General Fund:		
Deposits	\$368,616	NONE
Other Funds:		
Deposits	<u>153,797</u>	<u>\$2,117</u>
	<u>\$522,413</u>	<u>\$2,117</u>

TOWNSHIP OF AKRON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 5 – EMPLOYEE BENEFITS:

The Township pays no employee benefits.

NOTE 6 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above described activities. For insured programs, there have been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 7 - LEGAL COMPLIANCE - BUDGETS:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to April 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.
8. During the fiscal year ended March 31, 2007, Township expenditures exceeded the budgeted amount in the General Fund activity as well as the Ambulance Fund. However, the General Fund total expenditures do not exceed the total budgeted amount in the aggregate. The Ambulance Fund total expenditures exceed the total budgeted amount by \$15,161.

NOTE 8 – DUE TO AND FROM OTHER FUNDS:

Due to and from other funds balances at March 31, 2007 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Special Revenue Funds	\$ 8,250	
General Fund	25,277	
Current Tax Collection Fund		<u>\$33,527</u>
TOTAL	<u>\$33,527</u>	<u>\$33,527</u>

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF AKRON
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended March 31, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
Revenues				
Property Taxes	\$ 272,263	\$272,263	\$279,723	\$ 7,460
Licenses and Permits	1,150	1,150	317	(833)
State Revenue Sharing	75,000	75,000	88,952	13,952
Charges for Services	3,500	3,500	4,600	1,100
Interest	100	100	1,676	1,576
Special Assessments	-	-	175	175
Miscellaneous	100	100	9,747	9,647
Total Revenues	<u>352,113</u>	<u>352,113</u>	<u>385,190</u>	<u>33,077</u>
Expenditures				
Legislative				
Township Board	9,250	9,250	15,116	(5,866)
General Government				
Supervisor	6,727	6,727	11,910	(5,183)
Elections	850	850	1,990	(1,140)
Assessor	8,400	8,400	2,596	5,804
Clerk	11,360	11,360	11,754	(394)
Board of Review	-	-	1,153	(1,153)
Treasurer	10,150	10,150	9,781	369
Building and Grounds	2,932	2,932	9,850	(6,918)
Cemetery	19,318	19,318	18,616	702
Public Safety				
Fire Protection	34,778	34,778	48,552	(13,774)
Ambulance	28,000	28,000	30,501	(2,501)
Planning and Zoning	2,415	2,415	1,710	705
Public Works				
Sanitation	-	-	-	-
Drains	25,000	25,000	11,751	13,249
Highways and Streets	157,016	157,016	112,352	44,664
Culture and Recreation				
Library	-	-	1,988	(1,988)
Total Expenditures	<u>\$ 316,196</u>	<u>\$316,196</u>	<u>\$289,620</u>	<u>\$ 26,576</u>
Excess (deficiency) of Revenues over Expenditures	35,917	35,917	95,570	59,653
Fund Balances, April 1	<u>298,323</u>	<u>298,323</u>	<u>298,323</u>	<u>-</u>
Fund Balances, March 31	<u><u>\$ 334,240</u></u>	<u><u>\$334,240</u></u>	<u><u>\$393,893</u></u>	<u><u>\$ 59,653</u></u>

TOWNSHIP OF AKRON
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GARBAGE FUND
For The Year Ended March 31, 2007

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
Revenues				
Interest	\$ -	\$ -	\$ 1,329	\$ 1,329
Property Taxes	82,000	82,000	71,390	(10,610)
Total Revenues	<u>82,000</u>	<u>82,000</u>	<u>72,719</u>	<u>(9,281)</u>
Expenditures				
Public Works				
Contracted Services	82,000	82,000	80,850	1,150
Other			448	(448)
Total Expenditures	<u>82,000</u>	<u>82,000</u>	<u>81,298</u>	<u>702</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	(8,579)	(8,579)
Fund Balance, April 1	<u>67,715</u>	<u>67,715</u>	<u>67,715</u>	<u>-</u>
Fund Balance, March 31	<u>\$ 67,715</u>	<u>\$ 67,715</u>	<u>\$ 59,136</u>	<u>\$ (8,579)</u>

TOWNSHIP OF AKRON
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - AMBULANCE FUND
For The Year Ended March 31, 2007

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
Revenues				
Charges for Services	-	-	\$ 70,824	\$ 70,824
Interest	-	-	1,547	1,547
Transfers from other	-	-		
Governmental units			70,558	70,558
Miscellaneous	-	-	3,545	3,545
Total Revenues	<u>\$ 96,000</u>	<u>\$ 96,000</u>	<u>146,474</u>	<u>50,474</u>
Expenditures				
Public Safety				
Bookeeping	-	-	1,672	(1,672)
Education	-	-	670	(670)
Electronic billing	-	-	3,206	(3,206)
Equipment	-	-	1,765	(1,765)
FICA	-	-	5,403	(5,403)
Insurance	-	-	15,767	(15,767)
Mileage & travel	-	-	17	(17)
Miscellaneous penalties	-	-	2,482	(2,482)
Printing	-	-	21	(21)
Refunds	-	-	794	(794)
Reimbursements	-	-	1,969	(1,969)
Rentals	-	-	1,102	(1,102)
Repairs & maintenance	-	-	1,597	(1,597)
Supplies	-	-	6,977	(6,977)
Utilities	-	-	1,233	(1,233)
Wages	-	-	66,487	(66,487)
Total Expenditures	<u>96,000</u>	<u>96,000</u>	<u>111,161</u>	<u>(15,161)</u>
Excess of Revenues Over Expenditures	-	-	35,313	35,313
Fund Balance, April 1	<u>55,869</u>	<u>55,869</u>	<u>55,869</u>	<u>-</u>
Fund Balance, March 31	<u>\$ 55,869</u>	<u>\$ 55,869</u>	<u>\$ 91,182</u>	<u>\$ 35,313</u>

OTHER SUPPORTING INFORMATION

TOWNSHIP OF AKRON
GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
For The Year Ended March 31, 2007

Township Board	
Salaries	\$ 3,584
Payroll Taxes	3,498
Transportation	317
Insurance	4,914
Miscellaneous	2,803
	<u>15,116</u>
Supervisor	
Salary	11,000
Operating Supplies	-
Transportation	500
Miscellaneous	410
	<u>11,910</u>
Elections	
Wages	1,472
Supplies	212
Printing and Publishing	-
Miscellaneous	306
	<u>1,990</u>
Assessor	
Wages	-
Operating Supplies	40
Printing and Publishing	288
Miscellaneous	2,268
	<u>2,596</u>
Clerk	
Salary	7,800
Operating Supplies	292
Transportation	281
Miscellaneous	3,381
	<u>11,754</u>
Board of Review	
Wages	885
Miscellaneous	268
	<u>1,153</u>
Treasurer	
Salary	8,150
Operating Supplies	1,253
Miscellaneous	378
	<u>9,781</u>
Building and Grounds	
Wages	2,450
Operating Supplies	413
Utilities	3,927
Repairs and Maintenance	516
Miscellaneous	2,544
	<u>9,850</u>
Cemetery	
Wages	11,452
Operating Supplies	883
Transportation	100
Utilities	274
Repairs and Maintenance	2,332
Miscellaneous	3,575
	<u>18,616</u>

TOWNSHIP OF AKRON
GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
For The Year Ended March 31, 2007

Fire Protection	
Contracted Services	<u>\$ 48,552</u>
Ambulance	
Contracted Services	<u>30,501</u>
Planning and Zoning	
Wages	1,290
Supplies	119
Miscellaneous	<u>301</u>
	<u>1,710</u>
Drains	
Contracted Services	<u>-</u>
Highways and Streets	
Contracted Streets	89,867
Mowing	6,150
Dust Control	16,335
Fishpoint	-
Drain at Large	11,751
Ditch Cleaning	<u>-</u>
	<u>124,103</u>
Garbage	
Garbage Disposal	-
Library	
Contracted Services	<u>1,988</u>
Total Expenditures	<u><u>\$ 289,620</u></u>

TOWNSHIP OF AKRON
Statement of Changes in Assets and Liabilities
Current Tax Collection Fund
For the Fiscal Year Ended March 31, 2007

CURRENT TAX COLLECTION FUND

	<u>BALANCE MARCH 31, 2006</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE MARCH 31, 2007</u>
<u>ASSETS</u>				
Cash in Bank	\$ 6,679	\$ 1,239,865	\$ 1,226,671	\$ 19,873
Taxes Receivable	-	129,930	-	129,930
<u>TOTAL ASSETS</u>	<u>\$ 6,679</u>	<u>\$ 1,369,795</u>	<u>\$ 1,226,671</u>	<u>\$ 149,803</u>
 <u>LIABILITIES</u>				
Due to Other Funds	\$ 912	\$ 279,723	\$ 247,108	\$ 33,527
Due to Other Units	5,767	1,090,072	979,563	116,276
<u>TOTAL LIABILITIES</u>	<u>\$ 6,679</u>	<u>\$ 1,369,795</u>	<u>\$ 1,226,671</u>	<u>\$ 149,803</u>

See the accompanying notes.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

October 10, 2007

Township Supervisor and
Members of the Township Board
Township of Akron
Akron, Michigan

In planning and performing our audit of the financial statements of Township of Akron for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Financial Statements

Effective for the year ended March 31, 2007, Statement on Auditing Standards #112 titled Communicating Internal Control Related Matters Identified in an Audit (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America. The staff of the Township does understand all information included in the annual financial statement; however, we assist in preparing the footnotes to the annual financial statements. We do not recommend any changes to this situation at this time and communicate this as required by professional standards.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that we presented for your consideration. The letter does not affect our report dated October 10, 2007 on the financial statements of Township of Akron. Our comments are summarized as follows:

Township Supervisor and
Members of the Township Board
Township of Akron
October 10, 2007

Bank Statement Reconciliation

At present, the Treasurer prepares a monthly reconciliation for each bank account. However, the reconciled balance does not always agree to the balance on the books. We recommend the balance be reconciled to the balance on the books in order to enhance the system of internal controls. We also recommend someone independent of the accounting function open the bank statements and review them for any unusual checks or other transactions before giving them to accounting to perform the reconciliation.

An independent review of the bank statement will ensure that unusual items are investigated on a timely basis. While performing this review, the reviewer should review the prior month's bank reconciliation and account for the numerical check sequence each month and from month to month.

Material Adjustments

During our audit, material adjustments had to be made in order to properly reflect the financial position of the Township. Failure to make material adjustments increases the risk that the financial statements will be materially misstated and in effect, inaccurate financial information may be used for management decisions and reporting. We recommend the Township review transactions and record journal entries for any transactions not recorded.

We will review the status of these comments during our next engagement. Our comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

This report is intended solely for the information and use of Township of Akron, management, and others within the Township, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS